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State of the State MESSAGE

by

Governor Tim Babcock

Delivered to the

Thirty-ninth Legislative Assembly

of the

STATE OF MONTANA

January 5, 1965

MONTANA STATE LEGISLATURE

930 East Lynndale Avenue



Helena, Montana 59601

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GOVERNOR TIM BABCOCK

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Montana will follow for the next two years and for many years to come.

You . . . and you alone . . . have the authority to tax and to spend. You must do this wisely.

Today, you, as legislators, represent the entire state of Montana . . . and not just the county which elected you. You are here to serve that county's interests to the best of your abilities . . . but not at the expense of every other county.

This is the State of *Montana* we're considering . . . the state each of us loves . . . the state in which we make our homes and raise our families. The people of this state rightfully expect from us both clear leadership and guidance for the months and years ahead.

Basically we are an agricultural state and the needs and interests of agriculture must be of vital concern to us. We are an industrial state as well and we are enjoying sound and steady economic growth through business development and expansion.

Thus, industry and laboring people who *work* in industry must be given prime consideration.

We are a proud state wanting quality schooling for our young people . . . education in depth which thoroughly prepares our students for the fast advancing world of the future. This places a heavy financial burden on a state with a population of only 700,000 people . . . but we can . . . and will . . . shoulder this responsibility.

We are a state of outstanding recreational appeal . . . a haven for ever-growing numbers of vacationers who come to Montana to enjoy our scenery, to fish or to hunt or to hike in our wilderness areas. These are God-given resources Montana is duty bound to preserve for all the generations to follow.

We are the state where rivers begin . . . and water is a precious commodity. We have urgent need in this legislature to concern ourselves with Montana water because only Montana people or those who care about Montana . . . can protect it.

These are matters certain to come before you as the work of this legislative assembly progresses. They demand thought and thorough study . . . and they cannot, in good conscience, be left for others to consider at some future time.

Firm fiscal policies followed by the past two state bipartisan legislatures . . . coupled with diligent efforts by all departments of state government . . . have made Montana financially sound.

Now we can accelerate our progress . . . we can grow and expand in the steady and orderly fashion which all of us want for our state.

As has been one of our goals, Montana has broadened its tax base through industrial development far exceeding any period in its history. This development will continue so long as there can be mutual trust between industry and a state government which recognizes a responsibility to all those being taxed to support it.

One of my responsibilities to you is to suggest certain guidelines and to recommend programs which will serve Montana well, keep the state economically sound and assure its continued growth.

These recommendations are the result of much hard work, study and consultation.

In appealing to you to give these recommendations every consideration, I ask that you join me in *setting aside partisanship* for *partnership* in the best interests of Montana.

Initially, permit me one recommendation which shows every evidence of being overwhelmingly popular.

I share the belief that election campaigns, in this modern age, are far too long and far too expensive. I ask that you take action to set Montana's primary election dates to fall within a six-week period of the November general elections.

Montana today faces one of the most difficult problems in its history . . . that of reapportionment.

This is a development with which we may not agree but we must cope with it nevertheless.

The theory of "one person — one vote" simply does not fit Montana, with its unusual geographical barriers, its diverse interests, its varied economy and its pioneer heritage anymore than it fits the two houses of the national congress.

However, because of decisions by the U. S. Supreme Court affecting the constitutions of other states, Montana must devise a system which will attempt to harmonize all factors concerning our state.

Some leeway on what the court has called "practical and reasonable means" seems to exist, but the objective remains "one person — one vote."

While action is demanded *now*, we need *some* opportunity to amend the U. S. Constitution and our own State Constitution. We need time, as well, to permit our people to study, understand and recognize the problems of reapportionment.

Article V of the Constitution of the United States provides that if two-thirds of the state legislatures apply for a constitutional convention to propose an amendment, Congress shall call that convention.

With this in mind, I propose these steps:

That this legislative assembly memorialize Congress on the matter of reapportionment. Such a memorial would be in the nature of an application to Congress to call a convention to propose an amendment to the U. S. Constitution to be ratified by the states.

Such an amendment would provide for apportioning membership of one house of state legislatures on factors other than population. This is similar to what we presently have in government at the national level.

Never before in history has this method for amending the constitution been used, but the constitution provides for it and, in this instance, it is a practical method to arrive at a solution. In fact, several states are making applications to Congress at the present time.

As an alternative to such an application, this assembly may prefer to memorialize Congress to submit to the states for ratification a reapportionment amendment of its own. Article V of the Constitution also provides for this method of amendment.

How best to reapportion is *not a decision to be made in haste . . . nor does the U. S. Supreme Court demand this of us.* The court does demand, however, that some action be taken showing our good faith in seeking solution to the reapportionment problem.

Through specific legislation in this session, we can reapportion our House of Representatives to come within the limits of the federal cases. I recommend that we do this and at the same time propose that we *not* enlarge our present House membership.

Our constitution states clearly that each county in Montana shall have one senator.

All legal authority with which I have consulted agrees that under the oath of office which you and I have taken to support, protect and defend our state constitution, we cannot apportion our State Senate without first having that constitution amended by the people.

For this reason, I recommend that this legislative assembly place before the people of Montana a referendum measure to amend our state constitution to provide for senatorial districts, irrespective of county lines.

If the referendum measure receives the endorsement of our people . . . and the federal constitution is not amended, as sought in my first recommendation, our next legislative session then would have constitutional authority to reapportion our Senate to conform to what the Supreme Court has proclaimed.

Finally, I propose that we immediately re-divide our Eastern and Western Congressional Districts to equalize them. Failing this, we would need to consider electing Congressmen-at-large.

As you will note in the budget soon to be presented to you, the projected overall general fund expenditure for the next biennium slightly exceeds \$104,000,000 . . . an increase of \$16,000,000 over 1963.

This is a realistic budget which meets the present needs . . . although not all of the demands . . . of all departments. As is proper, prime emphasis has been placed on meeting the financial requirements for education and the custodial institutions. In fact, nearly 56 percent of the general fund budget proposal has been earmarked for education.

We here today have the opportunity in this legislative session to launch the golden era of education in Montana. I have worked toward this goal for many months and I am convinced that we will do this.

Each of us recognizes that the education of our young people is our first responsibility not only as law makers but also as state citizens.

The operating budget for our higher education system . . . all funds . . . exceeds \$45,000,000. This includes more than \$30,000,000 of general fund monies. The proposed expenditure is a one-third increase for instruction over the present biennium.

This is made more meaningful when you realize that appropriations for higher education during the present biennium are the highest of record in Montana to this time.

There is yet another point to be brought out as we discuss education. Buildings recommended for state government under an initial building program which I will propose here this afternoon call for a \$17,000,000 expenditure. The great share of these buildings would be constructed for the benefit

of our college units or our public institutions. Construction could start as soon as the buildings were authorized.

Thus, in addition to the \$45,000,000 being recommended for higher education, more than \$9,000,000 is being sought . . . and can be obtained now for needed buildings on college campuses.

This intensive effort to further the cause of higher education is made necessary because ever-increasing numbers of Montana students are attending the units of our university system. This requires increased staff, higher salaries and more and better instructional materials and equipment.

We are in a competitive situation as well, having need to obtain and hold superior faculty if we are to maintain the standards of educational excellence which we have set for ourselves.

Although we have stressed the needs of higher education, we also have a grave responsibility to assure training in vocational-technical lines to those young Montanans whose talents are other than academic.

One of the greatest demands in today's industrial world is for persons with vocational-technical skills. We must offer our youth this added opportunity to achieve success.

Many months ago, we proposed a strengthened vocational-technical program at Northern Montana College and steps have been taken to accomplish this.

I ask that this legislature study and consider the addition of a vocation-technical program in our high schools. This could be undertaken on an area basis. Financing could be made available from within our state assistance school foundation program and by way of tuition payments from other school districts.

The budget for custodial institutions is in excess of \$22,500,000. In general fund support, this represents an increase of more than \$3,200,000 over the present biennium.

This increase in funds is another stride forward in helping to solve problems which have accumulated over many years. These funds will pay higher salaries for present staff, will provide long needed additional professional personnel and will make new funds available for the rehabilitation of those persons living in our custodial units.

All of us have been much concerned over the state of our public institutions. You will find that the suggested operational budget, together with the proposed building program, will solve our institutional problems.

Here is a point I cannot emphasize enough to you and to all of the people of Montana.

In total appropriation, the only areas of state government receiving a budget increase from the general fund are those of education and public institutions.

In other words, all new revenues not previously available to the general fund . . . specifically \$16,000,000 . . . are being allocated for the next biennium solely in these two areas.

I ask you to remember that these are the specific two areas of state government activity which most stand to benefit from the proposed \$17,000,000 building program as well.

Let me emphasize also that health and welfare, public safety, public institutions and education take 90 percent of all general fund revenues.

This means that expenditures for all other state government agencies, for legislative costs and for salaries for district judges and county attorneys total only 10 percent of our general fund monies.

By now it must be apparent to you that maximum effort has been made to meet the well justified needs of education and public institutions.

However, the requirements of these two phases of state government make it necessary that we seek some *added* funds if we are to assume and meet our obligations.

For this reason, I am recommending a minor change in our present Withholding Tax Program. This would be the placing of a Service Charge Fee of \$5.00 on all Withholding Tax Forms. For those persons now paying taxes, it would be a nominal increase without altering our present rate schedule. For those persons making a minimum or no payment it would be a valid \$5.00 charge for the processing of claims. This would produce slightly less than \$2,500,000 for the biennium and would make it possible to finance all present state programs. It would mean for us, as well, that our budget would remain in balance.

We are fortunate today to stand at the threshold of a vitally needed long-range building program. This is the program to which I referred a few moments ago.

It is designed primarily . . . but not totally . . . to place new buildings on our campuses and at the sites of our custodial institutions.

Legislation has been prepared for your consideration which will permit the use of present tax revenues to finance such a building program.

The basis for this legislation is the revenue currently being returned from 3 cents of the present 8-cent tax on cigarettes. Those 3 cents have been earmarked for veterans bonus bonds.

Properly handled, the necessary funds can be available to us immediately and will in no way jeopardize the bonus bonds presently outstanding.

The proposal offers a firm basis for satisfying building needs for *all* state programs because the funds will be tied to no specific function other than that of buildings.

Projects undertaken will be subject to the scrutiny of every legislature.

Revenue bonds may be expanded or reduced at each legislative session as building projects are approved.

It is my sincere hope that all Montanans will share my desire to launch this sound and totally feasible program for our state.

An agency of state government which can be credited with much of the success our state is enjoying in the highly competitive field of economic development is our State Planning Board.

Evidence of that development is a statement from a preliminary report released recently by the U. S. Department of Commerce, Bureau of Census. It says:

"Expenditure for plants and equipment in Montana in 1963, measured in terms of new investment per employee, was three times as great as for the entire country and was topped only by Alaska, highest in the U. S., and Wyoming."

We need to take full advantage of Montana's potential for economic growth. For this reason, I am recommending that we alter and strengthen the State Planning Board.

I recommend legislation to create in its place a State Industrial Planning Commission, separated from the Planning Board's present affiliate . . . the State Water Board.

In addition, I propose that the office of the State Engineer and the State Water Board be combined in the interests of practical efficiency and mutual function.

I suggest that both the State Industrial Planning Commission and the State Water Board have separate 5-member executive committees.

In addition, I ask that the State Industrial Planning Commission have available to it the services of an advisory group appointed from throughout the state.

As it is to every state, economic growth is essential to Montana's future development. We must update and improve our industrial planning. We also must provide a firm program for retaining a good share of Montana's water resources, because these are vital to industrial development.

The proposed realignment of agencies will better enable us to set about the tasks confronting us and to capitalize upon our economic opportunities.

In this connection, it is evident that we must re-examine Montana's water development program, with an eye to flood control, irrigation and recreation. Over the years our state water development efforts have been effective and, in most cases, have been financially self-liquidating. It is all too apparent today, however, that we must look to more than payments from water users *only* as a justifiable basis for state water projects.

I urge that this matter be given thorough study during this legislative session.

To turn to other matters, I am particularly concerned about the financial status of Montana's Unemployment Insurance Program. For the past eight years (1957-1964, inclusive) the Unemployment Compensation Trust Fund has been running a deficit. This is the fund supported by Montana employers, which is used only to pay weekly benefits to eligible unemployed workers.

Income from employers' contributions and interest on the fund during this period has fallen far short of meeting benefit payments. This condition persists despite the fact

that the past three years have seen Montana's total employment and wages reach the *highest* level in our history, with the total unemployment rate at its *lowest* level.

I would ask the legislature to examine closely Montana's Unemployment Compensation Laws with a view to bringing the trust fund into balance so that income is equal to outgo.

In recent months, an issue has been raised that labor reform legislation was in prospect during this session. What I said then, I repeat now. I see no need for it.

A year ago, we accelerated our efforts in highway construction and today our highway program is current. Based on anticipated contracts, we will have sufficient revenues during the next biennium to finance all highway construction adequately.

Cash expenditures for highways in 1964 totaled \$68,-700,000. This compares with \$61,900,000 in 1963.

Montana, with its large land area, has a major task in providing good highways. The highway department deserves commendation for the work it is accomplishing in the highway construction field.

In discussing highways, it is proper that I mention our highway safety program.

Montana has reason to be proud of its highway patrol and of the traffic safety efforts being undertaken, not only by the state, but also by civic organizations in many of our communities.

In 1963, we received a regional first place award in competition with all other western states for the effectiveness of our highway safety programs.

In 1964, however, . . . even though the programs still function . . . we suffered a shocking and needlessly increased highway death toll. It is obvious that legislative assistance is needed in protecting Montana's motoring public.

I propose to you that a maximum speed limit of 70 miles per hour . . . both day and night . . . be enacted to apply to all four-lane controlled access highways in the state.

On today's modern highways, such as Montana enjoys, 70 miles per hour is recognized as a proper maximum of speed.

A set speed limit, together with expanded driver training programs in our schools, can do much to prevent the loss of life and the pain and heartbreak caused by traffic accidents.

Montana has an obligation to its needy aged, which it failed to meet in 1963 because the issue became embroiled in politics.

We must not permit this to happen again. I urge you to submit and pass a medical care program for senior citizens in need. This should be Montana's own or we should adopt the Kerr-Mills Law.

Either program is totally feasible but it is vital that *one* be enacted.

Two years ago, in my message to the legislature, I emphasized the need for our Fish and Game Department to more closely align itself with the people of our state. Effective strides in this direction have been taken under a department reorganization. This will continue to be a policy of my administration.

I will report to you that I support renewal of legislation which calls for agreement between the Highway Department and the Fish and Game Department as regards stream alterations in highway construction.

I urge again that legislation be enacted insuring that the people elect a Governor and a Lieutenant Governor from the same political party.

The citizens of this country chose to do this long ago as regards their president and vice president. In times of severe crisis, it has proved to be a safety measure more than once.

No matter his party, the Governor is entitled to a lieutenant governor who shares his philosophy and who will work and counsel with him. Government . . . Montana's biggest business . . . is too serious an undertaking for this to be otherwise.

Former Montana governors have not always had my good fortune to have as my second-in-command from the opposite party a person who recognizes the grave responsibilities of the Governor's Office and his own.

The year 1964, with its flood disaster in the spring and the paralyzing blizzard in southeastern Montana this winter,

once again proved the worth of the Montana National Guard and of the Civil Defense agencies attached to it.

Testimony to the outstanding rescue and other work of the officers and the men of these agencies comes best from those whom they served during two times of severe hardship. They have received and are entitled to high praise, not only from individuals but also from county, state and federal agencies.

The National Guard is Montana's chief manpower source in time of disaster and ours carries a rating as one of the best trained Guard units in the United States. In the future, it is possible that the National Guard may have even greater responsibilities, both in civilian crisis and in national defense, should the federal edict regarding the reserves be upheld.

Knowing the fine work it is doing, the point of readiness it has attained and the dedication of its personnel, I take this opportunity to commend the Montana National Guard. All Montana can be proud of it.

Our territorial centennial year has ended but the many months of planning which preceded it provided a year-long celebration the equal of any of its kind in the country. In every way . . . and by any comparison with that of any other state . . . our territorial centennial year was a conspicuous success.

The \$200,000 which the 1963 legislature, by almost unanimous consent, chose to invest in the celebration, was repaid many times over. The 1964 Rose Bowl Parade in Pasadena, California, which featured a prize winning Montana float and the exciting Montana Territorial Centennial Band, was the first of many events which focused national attention on our state.

Montana communities entered enthusiastically into the celebration, staging pageants and other productions of their own . . . events which brought Montanans closer together as they relived the state's colorful past.

The staging of "Custer's Last Stand" at Crow Agency received nationwide publicity and laid the groundwork for a spectacular annual summer attraction which will bring vacationers to Montana from every part of the country.

No political commentary ever will convince the 300 bipartisan Montanans who traveled east with the Centennial

Train that *this* undertaking was anything but totally worthwhile. These were Montana people . . . salesmen for Montana . . . visiting thousands of fellow Americans in some of the major cities in our country to tell them person-to-person about our state.

Evidence of their success is last summer's substantial visitor traffic from the areas they reached.

The Centennial Train exhibit at the New York World's Fair was one of the best received displays on the grounds. Unexpected financial loss by the fair itself reflected on the exhibits but with one year yet remaining to succeed, both the fair and the Montana display may yet emerge from a deficit situation.

As reported 90 days ago and substantiated by a nationally recognized auditing firm, approximately \$150,000 is owing on the Centennial Train exhibit at the New York World's Fair. I believe this can be obtained from private sources and I am making no requests to the legislature that it appropriate funds to keep the Montana exhibit functioning in 1965.

Both the train and the centennial year merchandise are salable items of much value and will be liquidated by the close of the World's Fair.

Looking back on what was set in motion by the \$200,000 centennial year appropriation, one can only be convinced that it was a wise and worthwhile investment in Montana's future. The nationwide attention which our state received and the good will we generated . . . not to mention what we ourselves learned about Montana and its people . . . is worth many times \$200,000.

This was an investment which will continue to accrue to us in the months and years ahead. It is almost unbelievable that the investment continues to work for us through a Montana exhibit which has proven its outstanding popularity at one of the biggest fairs in history . . . the New York World's Fair.

Only once in every 100 years does a Governor have an opportunity to report on a centennial celebration. Again, this was a bi-partisan effort and I congratulate the 1963 legislature and its membership on making the Montana Territorial Centennial celebration a reality.

Our centennial year effort and the favorable attention it brought Montana nationally once again points up the value of our vacation industry. Travel is the state's third largest revenue producer, annually bringing us a return exceeding \$100,000,000.

We must continue to encourage this phase of economic activity . . . to make Montana known as one of the finest vacation states of all.

For this reason . . . and for the reason that the State Advertising Department has become an enormously effective agency in the national travel field . . . I am recommending an increased appropriation for state advertising purposes.

Advertising funds come from gas tax revenues and the department is supervised by the Highway Commission. The Commission has given thorough study to an increased appropriation for state advertising. It has approved a \$69,000 annual increase, bringing the annual total of funds set aside for this purpose from \$126,000 to \$195,000.

On the topic of state advertising and travel promotion, I again endorse the efforts by Boy Scout leaders in Montana who are working on plans to have Montana designated the meeting place for the 1968 . . . or later . . . National Boy Scout Jamboree.

Montana's advantages for such an important and internationally famous meeting are unsurpassed. The Big Sky Country's scenic and natural wonders would leave a lifelong impression on the tens of thousands of boys attending the jamboree. Furthermore, few events could bring Montana more good will and national prominence.

I have one additional recommendation.

As our economy grows and changes, we will find increasing need for up-to-date measurements of our tax and economic bases. If we are to achieve equity in the financing of our state programs, it is absolutely necessary that we know what kind of burdens we are placing on our economy.

For this reason, I urge legislative endorsement of a task force group working during the next two years to assess present taxes and to determine their degree of fairness to our taxpayers. The group would be expected to submit recommended changes at the next legislative session.

The proposed task force would be comprised by representatives from agriculture, industry, labor and government and would be appointed by the Governor. It would have the authority to call upon in-state as well as out-of-state assistance as needed.

Montana has no existing problems which it cannot surmount.

The program I have presented to you today is economically sound, totally feasible and well within our grasp. With your support and endorsement of this program, Montana can take giant strides forward in such vital areas as education, public institutions, economic development and modernized and efficient government.

As you discuss the legislation which will be presented to you during the next 60 days, I encourage you to view it with all of Montana . . . all of its people . . . and all of its economic divisions in mind.

Every economic segment contributing to the growth and prosperity of our state deserves your serious study and consideration before decisions are made.

Ultimately, your greatest *satisfaction* from serving in this legislature will be to say:

"This I helped achieve for Montana."

Unless there *is* achievement, this cannot be said.

My office is open to all of you and I will be pleased to give every assistance possible on any state matter. Furthermore, you have the full cooperation of my staff and our department heads, who will be available to this body or its committees on call.

I ask that you join me in earnestly seeking the blessings of the Supreme Being that through our own seriousness of purpose and intelligent consideration of the important matters to come before us we may accomplish the things good for the State of Montana and its people.

